

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 57799

TOWN OF SKYKOMISH

King County, Washington

January 1, 1994 Through December 31, 1995

Issue Date: October 25, 1996

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TOWN OF SKYKOMISH
King County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Mayor and Town Council
Town of Skykomish
Skykomish, Washington

We have audited the financial statements, as listed in the table of contents, of the Town of Skykomish, King County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated September 13, 1996.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the town complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the town's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the town and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we noted an instance of noncompliance immaterial to the financial statements which is identified in the Schedule of Findings accompanying this report.

This report is intended for the information of management and the mayor and town council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

September 13, 1996

TOWN OF SKYKOMISH
King County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. Town Officials Should Comply With Washington State Requirements Regarding The Use Of Criminal Justice Funds

During our audit for fiscal years 1992 and 1993, we found that the town of Skykomish was not in compliance with requirements regarding the use of criminal justice funding, which is received from the state of Washington. Criminal justice funds were not being used to supplement previously existing funds. Instead, it appears that previous funding levels were replaced or "supplanted" with criminal justice funds. (Audit Report No. 56191)

For our audit of fiscal years 1994 and 1995, we have found that the town is again "supplanting" criminal justice funds.

Revised Code of Washington 82.14.330 subsection (2) states in part:

Moneys distributed under this section shall be expended exclusively for criminal justice purposes and shall not be used to replace or supplant existing funding . . . Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice expenditures

The *Budgeting, Accounting and Reporting System* (BARS) manual (Volume 1, Part 3, Chapter 12, page 32) as prescribed by the State Auditor's Office, states in part:

. . . As these moneys are expended, an entity must ensure that the criminal justice expenditures are at least equal to the base of "existing funds," plus new revenues generated by this legislation.

Police services for the town are provided by the King County Sheriff's Office, which handles special programs related to criminal justice. Therefore, the town has not established their own programs. The contracted police service has not brought the town's criminal justice expenditures over the minimum amount required by state law. This has caused the town to supplant existing criminal justice funds.

The town of Skykomish may be required to pay the state back for amount of criminal justice funds that have been supplanted.

We again recommend that town officials comply with state requirements regarding the use of criminal justice funding.

Auditee's Response

Town of Skykomish's clerk-treasurer Pat Ackerman, responded to a preliminary draft of our finding in a letter dated September 24, 1996. The response follows.

In regards to the use of Criminal Justice Funds the town has not requested funds for 1995 or 1996 nor 1997. This has eliminated all but the funds we receive thru the Motor Vehicle Criminal Pop funds 336.06.21. I have been informed that this is an automatic distribution by the State Treasurer's office. I am trying to get thru to the right party to see about having this stopped. So far I have only been transferred from one person to another with no results, but will not give up. I am going to call Association of Washington Cities and see if they can get me a name to contact.

Auditor's Concluding Remarks

We appreciate the official's commitments to resolve the issue noted in our finding. Based on their response, the recommendation is being addressed and we will review this area in our next audit of the town.

TOWN OF SKYKOMISH
King County, Washington
January 1, 1994 Through December 31, 1995

Status Of Prior Findings

The finding contained in the prior audit report was resolved as follows:

1. The Town Should Comply With The Requirements For Spending Criminal Justice Funding

Resolution: *Unresolved. See Finding 1.*

TOWN OF SKYKOMISH
King County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

Mayor and City Council
Town of Skykomish
Skykomish, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Town of Skykomish, King County, Washington, for the fiscal years ended December 31, 1995 and 1994. These financial statements are the responsibility of the town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the town prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Town of Skykomish for the fiscal years ended December 31, 1995 and 1994, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Debt and Schedules of State Financial Assistance

are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag
State Auditor

September 13, 1996